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UNCLAS KATHMANDU 001553

SIPDIS

SENSITIVE

STATE FOR SA/INS
LONDON FOR POL-GURNEY
NSC FOR GREEN/DORMANDY

E.O. 12958: N/A

TAGS: [PTER](#) [ASEC](#) [NP](#)

SUBJECT: MAOISTS WARN COMPANIES, INCLUDING COCA COLA, TO
SHUTDOWN INDEFINITELY

1. (U) According to reports August 5 in both English and Nepali-language newspapers, the Maoist affiliated All Nepal Trade Union Federation has issued a warning to more than a dozen companies to shut down operations for an indefinite period. Included in the warning was the American company, Coca Cola and several other multinational companies. The apparent basis for selection of these companies was not national affiliation, but various other reasons including royal relatives having major stakeholdings, accused exploitation of workers, and ''spying.'' One company, Surya Tobacco, has been ordered to shut down immediately for ''not giving fair prices to farmers,'' while newspaper reports suggest that other companies must shut down by August 17. The companies involved have not received any specific warning directly from the Maoists. The warning did not specify what could happen if the companies fail to shut down operations.

2. (SBU) COMMENT: The ostensible goal of the threat is to pressure the Government of Nepal into serious talks regarding a charter of eleven points made by the All Nepal Trade Union, which includes withdrawing the organization from Nepal's terrorist list. N.N. Singh, Managing Director of Coca Cola, contacted the Embassy to convey his concern regarding the announcement. The Embassy also contacted Aqua Mineral Water owner Sanjay Dugar. Neither company suggested it would comply with the Maoist demands. Dugar informed the Embassy that a similar list of company names had been published about four months ago, and that his company had also been on that list. This latest list was smaller than the prior list, and Dugar suggested this might be the result of companies having ''entered negotiations'' with the Maoists. While no repercussions had occurred to the companies that had failed to meet the previous demands, Dugar expressed concern for himself and his family.

3. (SBU) Both companies have resisted extortion overtures from the Maoists in the past. Dugar suggested that the Maoists had such specific information regarding the companies revenues, VAT payments and tax payments that he suspected the information was leaked from sources inside the government. Dugar was expecting new extortion demands following this announcement. This incident continues to demonstrate the difficulty for American and multinational companies to do business in Nepal. Already fighting difficult bureaucratic hurdles, they also must deal with extortion demands and fear for the safety of themselves and their families. END COMMENT.

MORIARTY